

Bureau of Insurance Statement Regarding Maine Community Health Options

June 9, 2017

Consistent with the Bureau of Insurance's ("BOI") practice, this statement concerns Community Health Options' ("CHO") results for April. CHO delivered its updated 2017 Business Plan to the BOI in early March. The BOI's independent consulting actuary has reviewed the Plan and, after indicating the need for certain adjustments which CHO made, advised that it is reasonable. The revised plan reflects actual results for January and February and projections for the rest of the year. This statement accordingly compares CHO's April results to that Plan.

What follows are the key results for April:

- Paid claims were 3.9% lower in April than Plan. Incurred claims for April were 3.8% lower than Plan. YTD paid claims were 1.0% higher than Plan and YTD incurred claims were 2.1% lower than Plan. The number of open claims at the end of April was 5.8% lower than at the end of March. The Average Daily Dollar Amount in the Claim Inventory at the end of April was 6.8% lower than at the end of March.
- The percentage of Net Outstanding Claims Inventory (which is the total pending Submitted Amount at April 30, 2017) in the 0-30 day period (110.9%) was higher in April than March (103.5%). The 0-60 day period inventory (113.9%) was higher than March (105.7%). (These numbers are greater than 100% because the 91+ day category was a negative amount reflecting credits due CHO.) The BOI is monitoring the aging of the claim inventory on a weekly basis and can report that as of the end of May the percentage of the total Net Outstanding Claim Inventory in the 0-30 day period was 110.1% and for the 0-60 period 110.2%.
- Membership at the end of April was 3.1% lower than Plan. The membership breakdown was 76.2% individual, 21.9% small group and 1.9% large group. Net premium income in April was 6.3% lower than the Plan. YTD net premium income was 1.5% lower than Plan. This negative premium income variance for April is largely attributable to write-offs during the month for accounts deemed uncollectible and lower membership than projected.
- Total expenses in April were 11.1% lower than Plan for the month. YTD total expenses are 2.1% lower.
- The \$1.5 million of net loss reported for April, was principally driven by premium write-offs for prior periods. This compares to \$0.3 million of April net losses under the Plan. CHO's reported YTD net income was \$2.2 million compared to \$3.3 million under the Plan.
- CHO's reported bonds, cash, cash equivalents, and short term investments in April were 10.8% lower than Plan and 5.9% lower than in March.

The BOI will continue to closely monitor CHO's performance and post monthly statements about its results.